

GROUP 3 WORKSHEET

Contracting Tax Factoring Worksheet – CITY LAND DEDUCTION AT FAIR MARKET VALUE (FMV)

Assumption: No tax amount is specified in the contract.

TAX RATES AND FACTOR

State & County Tax Rate.....	6.30%	* Refer to the TRANSACTION PRIVILEGE AND OTHER TAX RATE TABLES, Table 1. Place in Column G of the TPT-1.
City Tax Rate.....	1.6%	* Refer to the Transaction Privilege and Other Tax Rate Tables.
Combined RATE.....	7.90%	* Add the City Rate to the State & County Rate.
Combined FACTOR.....	.04884197	* Find the factor for the COMBINED RATE ABOVE on the TAX FACTORS FOR CONTRACTORS table.

ITEM	SOURCE	AMOUNT	DESTINATION
1. Gross Amount of Contract or Progress Payment	Contract/Invoice/Cash Receipts	\$100,000.00	Front of TPT-1, Column D
2. Land at Fair Market Value	Appraisal or Other Documents	\$30,000.00	Back of TPT-1, Schedule A, Deduction Code 518

CALCULATIONS

3. Calculation Base	Line 1 minus Line 2	\$70,000.00	
4. Factored Tax on Calculation Base	Combined Factor times Line 3	\$3,418.94	Back of TPT-1, Schedule A, Deduction Code 551
5. Basis for Prime Contractor Reduction	Line 3 minus Line 4	\$66,581.06	
6. Prime Contractor Reduction	Line 5 times 35%	\$23,303.37	Back of TPT-1, Schedule A, Deduction Code 502

FOR THE RETURNS

7. Total Deductions	Add Lines 2, 4, and 6	\$56,722.31	Front of TPT-1, Column E
8. Taxable Amount	Line 1 minus Line 7	\$43,277.69	Front of TPT-1, Column F
9. State & County Tax	State & County Tax Rate times Line 8	\$2,726.49	Front of TPT-1, Column H
10. City Tax	City Tax Rate times Line 8	\$692.44	Front of TPT-1, City line, Column H or City return

For Assistance call (602) 255-2060 or Toll Free (Arizona Only, outside of Maricopa Only) 1-800-843-7196
KEEP THIS WORKSHEET WITH YOUR RECORDS. PLEASE DO NOT SEND IT WITH YOUR RETURN.

08/2004